

 **BOD 60-61/2016**

(agenda item: 4-5)

# Report to the Meeting of the

# Oxford Health NHS Foundation Trust

# Board of Directors

**25th May 2016**

**Annual Report and Accounts FY17**

**For: Approval**

**Executive Summary:**

The Annual Report and Accounts must be formally approved by the Board of Directors. After adoption by the Board, the Chief Executive, as the Accounting Officer, should sign and date the Statement of Financial Position and Annual Report as evidence of this.

The deadline for submission of the Annual Report containing the Quality Report is **27 May 2016**. The deadline for the signed limited assurance report on the content of the Quality Report and the mandated indicators requiring a limited assurance report, and the report to the Council of Governors is also **27 May 2016**.

**Board Committee involvement:**

1. The *Remuneration Report* has been considered in detail and approved by the Remuneration Committee at its 13th April meeting
2. The *Annual Governance Statement* has been reviewed in detail and approved for recommendation to the Board at the 19th May Audit Committee meeting subsequent to detailed scrutiny of the first draft at its April meeting.
3. Various iterations and extracts of either the *Annual Report* and/or *Quality Report* have been through the executive team, the extended executive, the Quality Committee, the Audit Committee and the Board with numerous opportunities for comment. The Quality Report has been reviewed by the Governors and by external stakeholders.
4. The draft unaudited and audited accounts have been reviewed by the Audit Committee at its April and May meetings respectively, along with detailed scrutiny of the going concern statement and the findings and recommendations, external assurance review and final report on the audit by the External Auditors.

**External Audit**

The Auditors confirmed on 19th May they envisaged issuing an unmodified audit opinion, with no reference to any matters in respect of the Trust’s arrangements to secure economy, efficiency and effectiveness in the use of resources, or the Annual Governance Statement.

They intend to issue a clean quality report opinion and have noted no significant control deficiencies – making only minor suggestions and nothing to report in respect of the AGS for which they are required to report by exception and have confirmed they have not identified any inconsistencies or misleading statements in the Annual Report.

**Recommendation:**

Board is invited to formally approve the Annual Report and Accounts (including the Quality Report) for adoption by the Board, to include completion of the following actions:

* The Statement of Financial Position shall be signed and dated by the Chief Executive.
* The Annual Governance Statement shall be signed and dated by the Chief Executive.
* The Performance Report shall be signed and dated by the Chief Executive in his capacity as Accounting Officer. The auditor has reviewed the performance report for consistency with the financial statements.
* The Accountability Report shall be signed and dated by the Chief Executive in his capacity as Accounting Officer. The auditor has reviewed the accountability report for consistency with the financial statements with parts of the accountability report having been subject to audit.
* The Remuneration Report shall be signed and dated by the chief executive
* The Statement of Accounting Officer’s Responsibilities in respect of the accounts shall be signed and dated by the chief executive.

**Author and Title:** Kerry Rogers, Director of Corporate Affairs/Company Secretary

**Lead Executive Director:** Kerry Rogers, Director of Corporate Affairs/Company Secretary

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# Board of Directors

**25th May 2016**

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**Background**

In order to present a true and fair view, the accounts of an NHS foundation trust must comply with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) unless directed otherwise. The main source of guidance, therefore, for NHS foundation trust finance staff will be accounting standards published by the International Accounting Standards Board and supplementary guidance.

NHS foundation trusts also fall within the remit of the Financial Reporting Advisory Board (FRAB) which provides independent accounting advice in respect of public sector bodies to HM Treasury and the equivalent bodies in Scotland and Northern Ireland. The advice of FRAB is reflected in HM Treasury’s *Financial Reporting Manual* (*FReM*) which is written for government departments, executive agencies, executive non-departmental public bodies and trading funds.

The annual report and accounts of an NHS foundation trust consist of:

* *the performance report (see chapter 7) comprising:*
* *overview of performance*
* *performance analysis*
* *the accountability report (see chapter 7), comprising:*
* *directors’ report*
* *remuneration report*
* *staff report*
* *the disclosures set out in the NHS Foundation Trust Code of Governance*
* *regulatory ratings*
* *statement of accounting officer’s responsibilities*
* *annual governance statement;*
* *the quality report;*
* the auditor’s report including certificate;
* the foreword to the accounts which should state that the accounts are prepared in accordance with paragraphs 24 and 25 of Schedule 7 to the NHS Act 2006 and are presented to Parliament pursuant to Schedule 7, paragraph 25 (4) (a) of the National Health Service Act 2006;
* four primary financial statements (Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Taxpayers’ Equity and a Statement of Cash Flows); and
* the notes to the accounts.

Auditors are required to read the information in the annual report and refer to this in their audit report. Therefore, the draft annual report must be submitted to the auditor to allow them sufficient time to do this prior to signing their opinion on the accounts.

The annual report and accounts submitted on 27 May 2016 must be formally approved by the NHS foundation trust board of directors (the board). After adoption by the board, the chief executive, as the Accounting Officer, should sign and date the Statement of Financial Position and annual report as evidence of this.

As Accounting Officer, the chief executive should also sign the foreword to the accounts, the annual governance statement and the remuneration report. The annual report and accounts should disclose the name of the person who signed them. Once the annual report and accounts have been approved the auditor will sign the opinion on the accounts.

Once the annual report and accounts have been approved, the Accounting Officer or director of finance must sign a certificate which states that the consolidation schedules (FTCs) are consistent with the annual accounts.

**Quality report**

NHS foundation trusts should include a report on the quality of care they provide within their annual report. The aim of this quality report is to improve public accountability for the quality of care.

Monitor will also require NHS foundation trusts to obtain a limited assurance report from their external auditors on the content of the quality report and to include it in the annual report. This will report on whether anything has come to the attention of the auditor that leads them to believe that the content of the quality report has not been prepared in line with the requirements set out in this NHS Foundation Trust Annual Reporting Manual and/or is not consistent with the other information sources detailed in the detailed guidance.

**Laying annual report and accounts**

NHS foundation trusts are required to lay their annual report and accounts, with any report of the auditor on them (including the limited assurance opinion on the Quality Report), before Parliament (paragraph 25(4)(a)), Schedule 7 of the 2006 Act) before the summer recess begins to enable parliamentary scrutiny.

The requirement to lay the annual report and accounts before Parliament means that they are classified as an Act Paper and become the property of Parliament. There are strict rules about the format of the publication and these must be followed in every case.

The annual report and accounts which are laid before Parliament must include the full statutory accounts and not summarised information. The annual report and accounts that each NHS foundation trust submits to Parliament to be laid must be one document.

The annual report submitted on 27 May 2016 must include all of the text which will be included in the final publication submitted to Parliament. This is because the auditors will need to see the form of the annual report prior to signing their opinions. The period between 27 May 2016 and submission to Parliament is to allow NHS foundation trusts time to format the document to the standards required for publication.

Until the annual report and accounts have been laid before Parliament, nothing can be published by the NHS foundation trust for the wider public. Once laid before Parliament the annual report and accounts cannot be changed.

Copies of the audited annual accounts, any report of the auditor and the latest annual report must be made available for inspection by members of the public free of charge at all reasonable times (paragraph 22(1), Schedule 7 of the 2006 Act). It is the foundation trust’s own responsibility to ensure that once laid before Parliament, the annual report and accounts are made available to the public. Any person who requests a copy of or an extract from any of these documents must be provided with one, although a reasonable copying charge may be levied where the person requesting a copy or extract is not a member of the NHS foundation trust (paragraph 22(4), Schedule 7 of the 2006 Act).

**Annual general meeting of the council of governors**

The annual report and accounts and auditor’s report on the accounts must be presented to the council of governors at a meeting of the council of governors (paragraph 28, Schedule 7 of the 2006 Act). This meeting of the council of governors should be convened within a reasonable timescale after the end of the financial year but must not be before the annual report and accounts have been laid before Parliament.

Monitor has issued the deadlines below for the production of the NHS foundation trust annual reports and accounts for the year ended 31 March 2016. Please note it is the responsibility of the trust’s accounting officer (not the auditor’s) to comply with these requirements. The full timetable for the year can be found at www.gov.uk/monitor/accountsprocess.

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| **Deadline**  | **What is required?**  |  |
| ***Friday 27 May 2016, noon***  | 1. **Audited** accounts
2. **Audited** FTCs
3. **Final** text of the annual report (including **original signed** statement of accounting officer’s responsibilities)
4. **Original, signed copy** of the signed audit opinion on the accounts
5. **Original, signed copy** of the auditor’s report on the FTCs
6. **A copy** of the auditor’s final ISA (UK&I) 260 report
7. **Original, signed** Annual Governance Statement
8. **Original, signed** Chief Executive’s and Finance Director’s certificate on the FTCs.

**Posted** and uploaded to **Monitor portal** (posted first class before the last post on **Friday 27 May 2016**).  |  |

**Recommendation:**

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* The Accountability Report shall be signed and dated by the Chief Executive in his capacity as Accounting Officer. The auditor has reviewed the accountability report for consistency with the financial statements with parts of the accountability report having been subject to audit.
* The Remuneration Report shall be signed and dated by the chief executive
* The Statement of Accounting Officer’s Responsibilities in respect of the accounts shall be signed and dated by the chief executive.